

SOUTHERN CALIFORNIA TRIBAL CHAIRMEN'S ASSOCIATION, INC.
FINANCIAL STATEMENTS AND SINGLE AUDIT REPORTS
FOR THE YEAR ENDED MARCH 31, 2008

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Southern California Tribal Chairmen's Association, Inc.
Valley Center, California

We have audited the accompanying statement of financial position of Southern California Tribal Chairmen's Association, Inc. (a nonprofit association) as of March 31, 2008, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Southern California Tribal Chairmen's Association, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards, generally accepted in the United States of America and the standards, applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Associations*. Those standards, and OMB Circular A-133, require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Southern California Tribal Chairmen's Association, Inc. as of March 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles, generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2008 on our consideration of the Southern California Tribal Chairmen's Association, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of our testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Southern California Tribal Chairmen's Association, Inc. taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Associations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


Certified Public Accountant

August 6, 2008
Oklahoma City, Oklahoma

SOUTHERN CALIFORNIA TRIBAL CHAIRMEN'S ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2008

EXHIBIT B

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
Public Support and Revenue:			
Contract/Grants – Federal	\$ 0	\$12,857,656	\$12,857,656
Contract/Grant – Non Federal	0	73,607	73,607
Interest and dividends	56,323	0	56,323
Lease/rental	671,783	0	671,783
Other	<u>159,425</u>	<u>24,198</u>	<u>183,623</u>
	887,531	12,955,461	13,842,992
Net assets released from restrictions	<u>12,955,461</u>	<u>(12,955,461)</u>	<u>0</u>
Total Revenues, Gains, and Other Support	<u>13,842,992</u>	<u>0</u>	<u>13,842,992</u>
Expenses:			
Program services			
Temporary Assist./Training	11,993,825	0	11,993,825
American Indian Child Court	220,596	0	220,596
Other health, welfare & education	<u>741,040</u>	<u>0</u>	<u>741,040</u>
Total Program Services	12,955,461	0	12,955,461
Supportive services:			
Management and General	<u>455,406</u>	<u>0</u>	<u>455,406</u>
Total Expenses	<u>13,410,867</u>	<u>0</u>	<u>13,410,867</u>
Increase in Net Assets	432,125	0	432,125
Net Assets, beginning of year	<u>3,135,543</u>	<u>0</u>	<u>3,135,543</u>
Net Assets, end of year	<u>\$ 3,567,668</u>	<u>\$ 0</u>	<u>\$ 3,567,668</u>

See accompanying notes.

SOUTHERN CALIFORNIA TRIBAL CHAIRMEN'S ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED MARCH 31, 2008

EXHIBIT D

	<u>PROGRAM SERVICES</u>					<u>SUPPORT SERVICES</u>	
	<u>TEMPORARY ASSIST FOR NEEDY FAMILIES</u>	<u>AMERICAN INDIAN CHILDREN'S COURT</u>	<u>FOOD DISTR PROGRAM</u>	<u>OTHER GRANTS</u>	<u>SUBTOTAL</u>	<u>GEN & ADMIN</u>	<u>TOTAL</u>
FUNCTIONAL EXPENSES:							
Personnel	\$ 3,052,314	\$ 118,907	\$ 149,020	\$ 65,990	\$ 3,386,231	\$ 0	\$ 3,386,231
Fringe benefits	891,468	28,663	44,272	37,508	1,001,911	65,971	1,067,882
Travel & training	332,460	13,254	40,417	13,552	399,683	115,765	515,448
Supplies	379,822	7,285	6,345	24,271	417,723	4,472	422,195
Other	<u>7,337,761</u>	<u>52,487</u>	<u>129,881</u>	<u>229,784</u>	<u>7,749,913</u>	<u>269,198</u>	<u>8,019,111</u>
	<u>\$ 11,993,825</u>	<u>\$ 220,596</u>	<u>\$ 369,935</u>	<u>\$ 371,105</u>	<u>\$ 12,955,461</u>	<u>\$ 455,406</u>	<u>\$ 13,410,867</u>

See accompanying notes.

SOUTHERN CALIFORNIA TRIBAL CHAIRMEN'S ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

(f) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts disclosure. Accordingly, actual results could differ from those estimates.

Note 2 – Cash and cash equivalents

The collateral for the Association's deposits is categorized to give an indication of the level of risk assumed by the Association at year end. Category 1 includes deposits that are insured or registered or for which the securities are held by the Association or its agent in the Association's name. Category 2 includes uninsured and unregistered deposits for which the securities are held by the counter-party's trust department or agent in the Association's name.

Balance (in thousands)	Risk Category	
	1	2
\$ 1,161	\$ 1,161	\$ -
<u>\$ 1,161</u>	<u>\$ 1,161</u>	<u>\$ -</u>

Note 3 - Pension Plan

The Association established a defined contribution pension plan for the benefit of its employees. Under the plan, a contribution of up to 3.00% of the employee's compensation will be made by the Association. An employee must have one year with the Association, and be a permanent employee before they can participate in the plan. For the current year, the Association contributed \$ 55,610 to the plan.

SOUTHERN CALIFORNIA TRIBAL CHAIRMEN'S ASSOCIATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2008

EXHIBIT E

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>CONTRACT GRANT NUMBER</u>	<u>FEDERAL CFDA NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
<u>Passed Through State of California Department of Social Services</u>				
Direct Programs:				
Temporary Assistance for Needy Families-'07	04-6055	93.558	\$ 6,708,308	\$ 3,364,833
Temporary Assistance for Needy Families-'08	04-6055	93.558	6,708,308	<u>5,967,467</u>
				<u>9,332,300</u>
<u>Department of Education</u>				
Direct Programs:				
Child Develop. Services	CSCC-6225	93.575	2,000	2,000 ***
Child Develop. Services	CIMS-7496	93.575	606	606 **
Child Develop. Services	CCTR-7338	93.575	174,998	101,451 **
Child Develop. Services	CCTR-6340	93.575	167,414	55,194 ***
Child Develop. Services	CCAP-6353	93.575	2,192	2,192
American Indian Education Center	H855	93.	-	<u>51,873</u>
				<u>213,316</u>
<u>Office of Emergency Services</u>				
Am. Indian Child Intertribal Court	TC06038525	93.	100,000	<u>220,596</u>
	Total Federal Assistance			<u>\$12,857,656</u>

** Expenditures incurred July 01, 2007 Through March 31, 2008

*** Expenditures incurred April 01, 2007 through June 30, 2007

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") summarizes the expenditures of Southern California Tribal Chairman's Association, under programs of the federal government for the year March 31, 2008. Because the Schedule presents only a selected portion of the operations of the Association, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows for the Association.

For purposes of the Schedule, federal awards include all grants and contracts entered into directly between the Association and agencies, and departments of the federal government. The awards are classified into major program categories in accordance with the provisions of Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Government and Non-Profit Organizations.

NOTE 2: BASIS OF ACCOUNTING

For purposes of the Schedule, expenditures for federal programs are recognized on the modified accrual basis of accounting. Expenditures are determined using the cost accounting principles and procedures set forth in OMB Circular - Cost Principles for Local Governments.

SOUTHERN CALIFORNIA TRIBAL CHAIRMEN'S ASSOCIATION, INC.
COMBINING STATEMENT OF ACTIVITIES – ADMIN. AND GENERAL
FOR THE YEAR ENDED MARCH 31, 2008

EXHIBIT G

	<u>TOTAL</u>	<u>ADMINISTRATIVE AND GENERAL</u>	<u>HI-REZ DIGITAL SOLUTIONS</u>
REVENUE:			
Lease/rental	\$ 671,783	\$ 671,783	\$ 0
Interest	56,323	56,323	0
Other	<u>159,425</u>	<u>102,002</u>	<u>57,423</u>
	<u>887,531</u>	<u>830,108</u>	<u>57,423</u>
EXPENDITURES:			
Personnel	0	0	0
Fringe benefits	65,971	14,718	51,253
Materials & supplies	4,472	4,472	0
Travel & training	115,765	115,504	261
Consultant & contractual	131,794	131,794	0
Other	79,919	74,010	5,909
Depreciation	<u>57,485</u>	<u>57,485</u>	<u>0</u>
	<u>455,406</u>	<u>397,983</u>	<u>57,423</u>
Excess of revenue Over expenditures	432,125	432,125	0
Net Assets, April 01, 2007	<u>3,135,543</u>	<u>3,125,879</u>	<u>9,664</u>
Net Assets, March 31, 2008	<u>\$ 3,567,668</u>	<u>\$ 3,558,004</u>	<u>\$ 9,664</u>

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Southern California Tribal
Chairmen's Association, Inc.
Valley Center, California

We have audited the financial statements of the Southern California Tribal Chairmen's Association, Inc. as of and for the year ended March 31, 2008, and have issued our report thereon dated August 6, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Southern California Tribal Chairmen's Association, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purposes of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Southern California Tribal Chairmen's Association, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the association's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the association's financial statements that is more than inconsequential will not be prevented or detected by the association's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the association's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Southern California Tribal
Chairmen's Association, Inc.
Valley Center, California

Compliance

We have audited the compliance on the Southern California Tribal Chairmen's Association, Inc., with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended March 31, 2008. Southern California Tribal Chairmen's Association, Inc.'s major federal programs are identified in the summary of auditor's results section to the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Southern California Tribal Chairmen's Association, Inc.'s management. Our responsibility is to express an opinion on the Southern California Tribal Chairmen's Association, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Associations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above, that could have a direct and material effect on a major federal program, occurred. An audit includes examining, on a test basis, evidence about the Southern California Tribal Chairmen's Association, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Southern California Tribal Chairmen's Association, Inc.'s compliance with those requirements.

In our opinion, Southern California Tribal Chairmen's Association, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2008.

Internal Control Over Compliance

The management of Southern California Tribal Chairmen's Association, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Southern California Tribal Chairmen's Association, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133

SOUTHERN CALIFORNIA TRIBAL CHAIRMEN'S ASSOCIATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2008

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the Southern California Tribal Chairmen's Association, Inc.
2. No reportable conditions relating to the audit of the basic financial statements are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the basic financial statements of the Southern California Tribal Chairmen's Association, Inc. were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal awards programs are reported in the Report on Compliance with Requirements Applicable to each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the Southern California Tribal Chairmen's Association, Inc. expresses an unqualified opinion.
6. No audit findings relative to the major federal award programs for the Southern California Tribal Chairmen's Association, Inc. are reported.
7. The programs tested as major programs include:

<u>NAME</u>	<u>Grant/contract No.</u>	<u>CFDA No.</u>
U.S. Dept of Health & Human Services:		
Temporary Assistance for Needy Families	G08INCATANF	93.558
Temporary Assistance for Needy Families	G07INCATANF	93.558

Pass-through:

State of California – Dept of Social Services:

Temporary Assistance for Needy Families	04-6055	93.558
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8. The threshold for distinguishing Types A and B Programs was \$300,000.
9. The Southern California Tribal Chairmen's Association, Inc. was determined to be a low-risk auditee.